



Morning Alert - Monday, July 31, 2017

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HEADLINES

Morning news

NHK and TBS gave top play to reports on the ballistic missile launch by North Korea on Friday evening. NTV led with a report on a preliminary game for the national high school baseball championship. Fuji TV led with a report that this year's fifth typhoon is likely to approach Japan this weekend. TV Asahi gave top play to a report on the world swimming championship in Budapest.

Major front-page items in national papers included President Trump's tweets expressing disappointment over China's failure to put pressure on North Korea, a U.S. plan to impose secondary sanctions on Russian firms suspected of doing business with North Korea as part of its efforts to punish the Kim regime for its ceaseless provocations, and joint drills conducted on Sunday by the USAF and the ASDF in response to North Korea's latest test launch of an ICBM.

AMBASSADOR

Ambassador Hagerty says President Trump to visit Japan in November

NHK aired on Saturday morning a taped exclusive interview with new U.S. Ambassador to Japan William Hagerty, in which he said: "We have a wonderful bilateral relationship. My hope is to build upon that. My job in Japan is to assure that we continue to advance our mutual interests in a way that is wonderful for Japanese people as well as for America." The Ambassador disclosed that arrangements are being made for President Trump to visit Japan sometime in November when he attends the annual APEC Leaders' meeting in Vietnam. When asked what issues the President will take up when he visits Japan, Ambassador Hagerty responded: "I think clearly national security issues that confront us both in the region. I'm certain that will remain the topic of high priority. I also suspect that trade issues on a bilateral basis will be one of the matters we want to discuss." Ambassador Hagerty echoed President Trump's strong interest in addressing the trans-Pacific trade

imbalance through negotiations on a bilateral FTA by saying: “The trade deficit has indeed been a persistent issue for us, so I think it is something that I will remain focused on.”

Hitoshi Hirouchi, the reporter who interviewed the Ambassador, offered the following commentary afterwards: “The Ambassador will probably be a tough negotiator for Japan as he was instrumental in getting a large number of Japanese companies to invest in Tennessee. President Trump pins high hopes on the Ambassador playing a significant role in achieving ‘fair’ bilateral trade.... As the President’s representative, Ambassador Hagerty may strongly call for Japan to conclude a bilateral trade deal that is advantageous to the U.S.... As for North Korea, the Ambassador indicated that he plans to strengthen bilateral coordination to deal with the DPRK’s provocations. He expressed strong concern about the Kim regime. He also voiced strong opposition to China’s unilateral actions in the vicinity of the Senkaku Islands, which he said fall under the scope of Article 5 of the U.S.-Japan Security Treaty. He disclosed that he is considering visiting Okinawa shortly after he arrives in Japan. As the Ambassador doesn’t have much foreign policy, his diplomatic skills will be tested once he arrives in Japan.”

Ambassador Hagerty comments on North Korean missile launch

Asahi, Nikkei, and Mainichi, as well as several commercial broadcasters, reported over the weekend on press remarks made on Friday in Washington by Ambassador Hagerty, who condemned Pyongyang’s latest missile launch. He emphasized that the U.S. stands resolute to confront any threats, especially those from North Korea. The Ambassador stressed the importance of the U.S., Japan, and South Korea cooperating to ensure that all nations “fully and effectively” implement their obligations under UNSC resolutions against the Kim regime.

On the economic front, the Ambassador said he is “very optimistic” about bilateral economic relations with Japan, adding that although there are issues that need to be addressed, they can be resolved under the bilateral economic dialogue. With regard to the Trump administration’s policy of rectifying the trade imbalance with Tokyo, the Ambassador noted that the Commerce Department is working hard to identify top-priority sectors.

INTERNATIONAL

DPRK launches another ICBM

All weekend and Monday papers reportedly heavily on North Korea’s launch of a long-range ballistic missile late Friday night, noting that it was fired from a northern region of North Korea and flew some 1,000 km for about 45 minutes before landing in Japan’s EEZ in the Sea of Japan some 200 km west of Hokkaido. The projectile was launched on a lofted trajectory and soared as high as 3,700 km, the highest altitude ever reached by a North Korean missile. Given the flight pattern of the missile, the Pentagon reportedly acknowledged Pyongyang’s claim that it successfully conducted its

second test launch of a “Mars 14” ICBM.

Sunday papers reported on a growing consensus among security analysts that the latest North Korean missile could have flown up to 10,000 km if it had been fired on a normal trajectory, emphasizing the very rapid improvement in DPRK missile technology. The dailies were particularly alarmed by the fact that the projectile was released just before midnight from a previously unidentified launch site in a northern region of North Korea, expressing concern that Pyongyang appears to be successfully developing the necessary missile expertise to launch surprise attacks. Sankei speculated that in Pyongyang's next ICBM test, a projectile might fly over the Japanese archipelago and land in waters near Hawaii.

International community reacts strongly to latest North Korean provocation

Prime Minister Abe commented on the latest provocation by the Kim Jong Un regime by saying: “North Korea’s nuclear and missile development poses a grave and real threat to the security of the international community.” President Trump issued a statement on Friday, calling the launch an “extremely reckless and dangerous act,” and stating that “the United States will take all necessary steps to ensure the security of the American homeland and protect our allies in the region.” Monday papers highlighted the President’s tweets posted on Sunday, quoting him as saying: “I am very disappointed in China.... They do nothing for us with North Korea, just talk. We will no longer allow this to continue. China could easily solve this problem!”

The articles speculated that the Trump administration will stop relying on China and instead take a hard line on the economic front, such as imposing higher tariffs on Chinese steel imports and applying secondary sanctions on Chinese firms doing business with North Korea. Today’s Yomiuri claimed that Washington has decided to impose financial sanctions on Russian individuals and enterprises based in Singapore and other Southeast Asian countries suspected of engaging in illicit trading with the Kim dynasty.

Foreign Minister Kishida and Secretary of State Tillerson spoke by phone and agreed on the need to apply “maximum pressure” on North Korea. While affirming the importance of “extended deterrence,” the two officials also agreed to take “concrete actions” toward enhancing defense capabilities. Secretary General Yachi of the National Security Secretariat and his U.S. counterpart National Security Advisor McMaster also held a teleconference and agreed to strengthen trilateral coordination with South Korea to urge China and Russia to step up the pressure on North Korea.

Nikkei projected that the foreign ministers of the U.S., Japan, and South Korea are expected to hold talks in the Philippines in early August on the margins of an ASEAN Regional Forum meeting. Yomiuri asserted that the Trump administration will probably look into military options in an expeditious manner, focusing on a phone conversation held shortly after the missile launch between

Chairman of the Joint Chiefs of Staff Dunford and his ROK counterpart on possible “military measures” to be taken against North Korea. Today’s papers took up separate joint exercises held on Sunday west of Kyushu and over the Korean Peninsula between two USAF B-1B strategic bombers and ASDF and South Korean fighters, quoting FM Kishida as saying: “The training was designed to strengthen the deterrence and response of the U.S.-Japan alliance and demonstrate Japan’s commitment and advanced capabilities to ensure regional stability.”

Sunday’s Asahi asserted that the Trump administration’s response to the defiant Kim regime will be limited due in part to the domestic political turmoil, such as the ongoing internal feud at the White House and the “Russiagate” scandal. The U.S. policy of coordinating closely with China in order to apply greater pressure on North Korea has also run into difficulties due to Beijing’s hesitation. Nikkei said the Kim regime has ignored the Trump administration’s repeated warnings of possible military actions perhaps in the belief that Washington would not actually be able to take such a risk.

Meanwhile, all dailies conjectured that the ROK government may be ending its soft approach to its defiant northern neighbor following its repeated missile provocations, spotlighting President Moon’s turnaround on the deployment of THAAD platforms by the U.S. military. The ROK leader instructed relevant ministers on Saturday to resume discussions with the U.S. for the swift activation of the anti-missile batteries.

Middle East peace talks may be held in Japan

Sunday’s Asahi wrote that the GOJ is considering inviting the leaders of Israel, the Palestinian Authority, and Jordan to visit Japan later this year for a four-party Middle East peace summit chaired by Japan. The Abe administration is hoping to support the USG’s efforts to achieve peace in the region with the goal of cementing its relationship of trust with the Trump administration. However, it is unclear whether the Japanese initiative will be realized given the renewed conflict between the Israelis and the Palestinians over Jerusalem.

POLITICS

MOD report finds GSDF responsible for cover-up of activity logs

All Saturday morning papers reported extensively on the final report released on Friday by the Defense Ministry’s inspector general concerning the cover-up of the daily activity logs kept by the GSDF unit engaged in peacekeeping operations in South Sudan. While holding the GSDF accountable for initiating the cover-up, the inspector general also determined that Vice Defense Minister Kuroe was “instrumental” in deciding in January not to release relevant information on the logs to the Diet. The report concluded that although Defense Minister Inada may have overheard her deputies speaking about the existence of the electronic data for the logs in mid-February, she was not given such information in writing.

In announcing the findings, Inada said she has decided to step down to take responsibility for the scandal. Prime Minister Abe told reporters that he has accepted Inada's resignation and apologized to the people of Japan for the consequences. Abe added that he has appointed Foreign Minister Kishida to take on the role of defense minister in addition to his current post until the cabinet is reshuffled.

Meanwhile, weekend papers expressed concern about Kishida holding two key ministerial portfolios especially at a time when North Korea has just launched another ICBM. They explained that the minister first rushed to both the defense and foreign ministries and then to the Kantei immediately after the missile launch late Friday night, speculating the nation's crisis response may have been hampered as a result. Kishida dismissed such concern by telling the press: "Senior officials of both ministries coordinated closely with each other throughout. I don't think the nation's intelligence collection and surveillance and response were impeded."

Edano, Maehara to face off in DP presidential election

All weekend papers reported that former Foreign Minister Maehara and former Chief Cabinet Secretary Edano will probably be the only candidates to run in the Democratic Party presidential race in September. The two politicians are ideologically at opposite ends of the largest opposition party, since Maehara is a conservative, foreign policy realist while Edano is a liberalist. As a result, the outcome of the election may determine the future of the DP. Lawmakers close to the losing candidate may choose to bolt the party following the race. The DP has been divided internally over constitutional revision, nuclear power generation, and proposed election coordination with the Japanese Communist Party. One DP politician said the next presidential race will be a "battle of titans" representing the conservatives and the liberals.

ECONOMY

U.S. expresses concern about Japan's safeguard on beef

All Saturday morning papers took up a GOJ decision on Friday to increase for eight months starting in August import duties by 11.5% to 50% on beef from the U.S. and other selected countries. They highlighted a statement issued on Friday by Agriculture Secretary Perdue, who voiced apprehension about the Japanese safeguard by saying: "An increase in Japan's tariff on frozen beef imports will impede U.S. beef sales and is likely to increase the U.S.'s overall trade deficit with Japan."

Washington and the U.S. beef industry are afraid that Australian beef will gain a larger market share in Japan by taking advantage of the projected increase in the price of American beef.

The dailies projected that the Trump administration may react sharply to the planned restriction on American beef by renewing its demand for greater market access to Japan. Nikkei said although Japan is hoping to discuss the matter with the U.S. during the planned economic dialogue in October, the GOJ does not intend to back off. Noting that the safeguard will be abolished for beef imports

from TPP members after the agreement is effectuated, the daily quoted a GOJ source as saying: “The U.S. will have to return to the TPP if it doesn’t like the safeguard.” However, Asahi claimed that the Agriculture Ministry may conduct a review of the current mechanism, under which safeguards are invoked automatically if the volume of imports exceeds a predetermined level during a three-month period even by one gram, because such emergency restrictions not only hurt domestic consumers by triggering a surge in retail prices but also infuriate U.S. and other foreign beef exporters.

SECURITY

Small portion of Futenma returned to Japan

Monday’s Tokyo Shimbun reported that four hectares of land at MCAS Futenma were returned to Japanese administration today. Although the GOJ is anxious to highlight its commitment to reducing the security burden on Okinawa, the portion of land returned, which will be used for building a bypass road to reduce traffic congestion, only constituted 0.8% of the gigantic U.S. military installation. A reversion ceremony will be held in Ginowan City this afternoon, but no cabinet ministers are expected to attend. The daily said the complete return of the airfield, which is expected in FY2022 or later as specified in a 2013 joint document, appears to be elusive due in part to the delayed construction of the Futenma replacement facility off Camp Schwab. The paper also said Okinawa reacted sharply to former Defense Minister Inada’s Diet statement in June suggesting that Futenma Air Station may not be reverted unless the U.S. military is allowed to use Naha Airport during contingencies.

Electronic jamming devices may be used to prevent Chinese drone flights around Senkakus

Today’s Sankei wrote that the GOJ is mulling the idea of installing electronic jamming devices on Japan Coast Guard (JCG) patrol boats in a bid to prevent China from operating UAVs in the vicinity of the Senkaku Islands. Noting that the proposal emerged following the intrusion into Japan’s territorial airspace over the outcrops by a drone operated by a Chinese government vessel in May, the article said the JCG is expected to support the ASDF, which has primary responsibility for defending the territorial airspace.